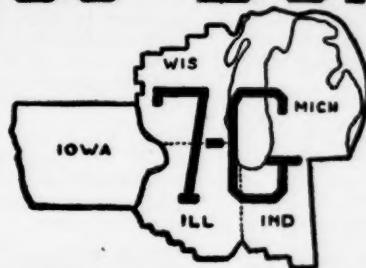


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SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 13, No. 2

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

January 31, 1930

THE calendar year 1929 witnessed an expansion over 1928 in manufacturing and trade of the Seventh Federal Reserve district. Data for December, however, continued to reflect the recession evidenced since early autumn and the closing month of the year found activity generally below that of December 1928. A smaller December production than a year previous was reported for iron, steel, automobiles, packing-house products, furniture, flour, and malleable castings. The output of agricultural machinery, coal, steel castings, butter, and leather increased over last December. Manufacturing operations in practically all lines decreased in volume from November, although a gain was shown in coal mining and meat packing, and in the production of agricultural machinery, steel castings, and butter. Employment declined.

Building contracts awarded in December exceeded those of the preceding month by 30.2 per cent but totaled 2.1 per cent less than for the corresponding period a year ago; the aggregate for 1929 as a whole was 12.2 per cent under 1928.

In wholesale trade, recessions from both the preceding month and a year ago were recorded in the sales of automobiles, lumber, packing-house products, hardware, electrical supplies, dry goods, and shoes, and in factory shipments of furniture, flour, and stoves and furnaces; the distribution of cheese, of agricultural machinery, and shipments of steel castings increased. Sales of malleable castings, leather, and drugs at wholesale expanded over November 1929 but fell below those of last December; an

opposite trend was shown in the distribution of creamery butter.

Retail distribution recorded a seasonal expansion over November, largely because of holiday buying, though most phases, including department store trade, were at a lower level than in December 1928. Declines from the preceding month, however, were experienced in retail sales of automobiles, lumber, and of groceries by chains, while an expansion was shown over the preceding year in the chain store sales of drugs, cigars, and women's clothing and in lumber at retail.

Grain and hog receipts exceeded those of November, while the marketing of other live stock declined. The marketing of cattle, lambs, and sheep increased and that of hogs, wheat, and oats decreased in the comparison with December a year ago.

Money rates eased slightly. Loans and discounts and deposits at reporting member banks, as well as borrowings at the Federal Reserve Bank of Chicago, were lower than in the preceding month or a year previous; there was also recorded a decrease in Federal Reserve note circulation and in the volume of check payments. The total value of bills accepted by banks in the Seventh district was greater in December than in November, and there was also an increase in dealers' transactions in commercial paper, while operations in the Chicago open bill market were less; all three phases showed a marked expansion over the corresponding month of 1928.

CREDIT CONDITIONS AND MONEY RATES

Following an active demand for credit during December both for commercial purposes as well as in the form of loans on securities, commercial requirements during the first half of January were in lesser volume than in the preceding month, and security loans have followed a similar trend. Rates have changed little in recent weeks; over-the-counter loans in Chicago are quoted at $5\frac{1}{2}$ to 6 per cent compared with $5\frac{3}{4}$ to $6\frac{1}{4}$ per cent at mid-November, and collateral loans at $5\frac{1}{2}$ to 6 per cent are unchanged from a month ago; brokers' demand loans are also unchanged at 6 per cent. The average rate earned on loans and discounts by six of the larger downtown Chicago banks during the calendar month of December was 6.10 per cent, whereas a month previous it had been 6.19 per cent and in December 1928, 6.08 per cent. The corresponding item for four large Detroit banks was 6.14 per cent in December 1929, 6.13 per cent in November, and 5.86 per cent in December 1928. The prevailing rate on commercial loans in Detroit during the week ending January 15 was $5\frac{1}{2}$ -6 per cent.

The accompanying tabulation shows the principal changes in certain items of condition of weekly reporting member banks in the district. Between December 18 and January 15 commercial loans declined nearly 75 million dollars, and security loans approximately 35 million; the latter, however, on January 15 were 60 million higher than on January 16, 1929.

Condition of Reporting Member Banks, Seventh District (000,000 omitted)

	JAN. 15 1930	DEC. 18 1929	JAN. 16 1929
Total Loans and Discounts	\$2,541	\$2,650	\$2,581
Commercial Loans	1,293	1,367	1,393
Loans on Securities	1,248	1,283	1,188
Investments	660	652	753
Net Demand Deposits	1,823	1,854	1,875
Time Deposits	1,174	1,206	1,277
Borrowings from Federal Reserve Bank	53	70	116

Deposits have fallen from the levels obtaining the middle of December, and to a greater degree from the volume shown January 16, 1929; in the latter comparison, net demand deposits on January 15 showed a shrinkage of about 52 million, and time deposits of more than 100 million dollars. The downward trend in deposits has been operative since the last of October.

Federal Reserve Bank of Chicago, Selected Items of Condition (000 omitted)

	JAN. 15 1930	DEC. 18 1929	JAN. 16 1929
Total Bills and Securities	\$191,155	\$219,605	\$224,677
Bills Discounted	86,865	118,737	147,364
Bills Bought in Open Market	32,235	39,614	43,428
U. S. Government Securities	70,556	59,754	33,885
Total Reserves	471,615	463,813	461,812
Total Deposits	340,259	345,155	367,858
Federal Reserve Notes in Circulation	289,607	309,689	292,315
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	74.8%	70.8%	69.9%

Compiled January 27, 1930

Bills discounted by the Federal Reserve Bank of Chicago have displayed a downward trend during the past eight weeks and the \$86,865,000 shown on January 15, 1930, was the lowest since April 18, 1928, when \$74,298,000 was reported. Total bills and securities held totaled less than for any week since October 23 last year, the high point during this period being \$250,284,000 on December 24. Federal Reserve notes in circulation on January 15 totaled 28 million below the recent seasonal high on December 24, and were under any figure since March 27, 1929, when \$284,988,000 was shown.

December sales of commercial paper, as reported by nine dealers in the Middle West, aggregated 6.2 per cent more than in November and were 18.2 per cent larger than a year ago. The supply was moderate and the demand fair to very good. For the first half of January 1930, the sales of four Chicago dealers totaled in excess of the corresponding weeks of December, with demand ranging between good and very good and with a fair supply of paper. December selling rates were $4\frac{3}{4}$ to 5 per cent for low and $5\frac{1}{4}$ to $5\frac{1}{2}$ per cent for high, the customary charge being 5 to $5\frac{1}{4}$ per cent. Quotations on January 15 opened at $4\frac{3}{4}$ per cent for low and $5\frac{1}{4}$ per cent for high, with a preponderance of paper moving at $4\frac{3}{4}$ and 5 per cent. The outstandings of five dealers in the Middle West totaled 1.4 per cent greater on December 31 than at the close of November and were 6.9 per cent in excess of the corresponding date of 1928; those of twenty-three dealers in the United States amounted to \$335,633,045 in comparison with \$316,000,000 a month previous.

Weekly transactions in the Chicago open bill market averaged less from December 12, 1929 to January 15, 1930 than in the preceding period, by 15.5 per cent in amount of purchases and 10.5 per cent in volume of sales, although gains of 105.0 and 43.6 per cent, respectively, were recorded over a year previous. Receipts from other offices expanded 65.9 per cent over those of November 14 to December 11 and were 9.1 per cent heavier than for corresponding weeks of the preceding year, while inter-office shipments declined 4.9 per cent from a month previous and increased 151.1 per cent over those of December 13, 1928 to January 16, 1929. A good supply of bills was reported, with demand only fair. Preference centered on 60- and 90-day maturities. The acceptances involved in the transactions covered grain, packing-house products, cotton, sugar, coffee, rice, merchandise, casings, canned goods, raw silk, machinery, metals, butter, eggs, poultry, stoves, timber, wireless sets and accessories, paper, brass goods, wood pulp, coal, and dates. Rates firmed during the period, quotations on January 15 closing at 4 per cent for 30-day offerings to $4\frac{1}{2}$ and $4\frac{3}{4}$ per cent for those of 180 days.

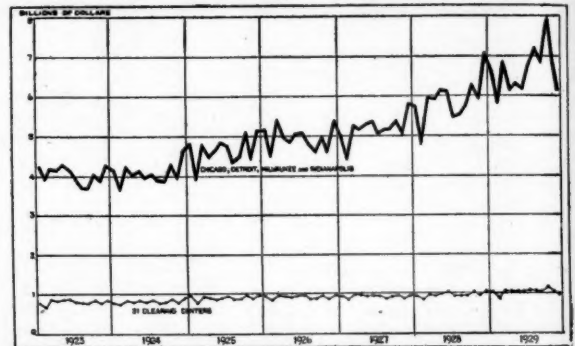
The aggregate value of bills accepted at fourteen reporting banks in the Seventh district was 53.5 per cent greater in December than a month previous and 128.3 per cent in excess of a year ago; purchases expanded 90.8 per cent over November and were much heavier than in the same month of 1928, while sales gained 75.9 and 319.7 per cent in the respective comparisons. For the first half of January 1930, acceptances of three Chicago banks totaled 39.3 per cent less than for the corresponding period of December and represented transactions in grain, cotton, packing-house products, iron and steel, coffee, coal, chemicals, sugar, yeast, merchandise, machinery, rice, tea, dollar exchange, tobacco, copper, paper, ironware, and miscellaneous commodities. Portfolios on December 31 were 15.1 per cent lighter than at the close of November, though 156.4 per cent greater than on December 31, 1928; holdings of the accepting banks' own bills decreased 48.7 per cent from the preceding month. Liability for outstandings increased 5.0 per cent over November 30 and was 109.6

per cent above the corresponding date of last year. The Federal Reserve bank of Chicago purchased \$41,107,865 in bankers' acceptances during December, compared with \$11,324,112 in the preceding month, and its holdings amounted to \$37,560,982 at the close of the year.

Volume of Payment by Check—The accompanying tabulation shows the dollar amounts of the volume of check payment in thirty-eight clearing house centers of the Seventh district in December 1929, November 1929, and December 1928, with percentage changes between the current and the preceding month.

(000 omitted from dollar amounts)				
	DEC. 1929	NOV. 1929	PER CENT CHANGE	DEC. 1928
Chicago	\$4,559,011	\$5,188,019	-12.1	\$4,955,471
Detroit, Milwaukee, and Indianapolis	1,613,608	1,693,532	-4.7	2,106,137
Total four larger cities	\$6,172,619	\$6,881,551	-10.3	\$7,061,608
34 smaller centers	1,028,724	1,055,330	-2.5	1,097,975
Total 38 centers	\$7,201,343	\$7,936,881	-9.3	\$8,159,583

VOLUME OF PAYMENT BY CHECK
Checks Drawn on Clearing House Banks, 7th District



Figures are estimates for calendar month, based on weekly reports to this bank. Latest figures, December, 1929, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 6,172,619; 31 Other Clearing House Centers, 975,043.

Savings Deposits—The amount of regular savings deposits as of December 31, 1929, was 0.8 per cent larger than on November 30, though totaling 4.3 per cent under a year ago, according to a compilation for 196 banks in the Seventh district. State totals followed the trend of the district with the exception of Michigan which showed a slight decline from the figure of a month previous. The number of accounts declined 0.4 per cent from the preceding month but increased 0.4 per cent over December 31, 1928. Illinois was the only state which did not follow the district trend; a small increase was shown for this state over November 30, while a slight decline was recorded from a year ago. The average account increased 1.2 per cent over a month previous, but declined 4.6 per cent from December 31, 1928. Individually, 63 per cent of the banks showed an increase in deposits as compared with the preceding month, while only 34 per cent gained over last year.

Bonds—The total volume of bonds sold during December was below that of December 1928, although improvement was shown as compared with November, which was an unusually low month. New offerings brought out during the month also increased over the November total. Bond prices on the highest grade of issues displayed some strengthening, but among the general list price movements for December were rather uncertain. A somewhat broader bond market was indicated in December, buying being limited to no particular type of purchaser.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Grain Marketing—December receipts of grain at interior primary markets in the United States exceeded those of November, but were decidedly under last year and the 1924-28 average for the month. Reshipments of corn from these centers gained over the preceding month and the five-year average, though totaling less than in December 1928; those of wheat and oats declined in all three comparisons. Visible supplies of wheat, oats, and barley in the United States decreased on January 11 from the

corresponding Saturday of December, while those of corn and rye increased; all holdings, with the exception of corn, remained much heavier than a year ago. December trading in grain futures by members of the Chicago Board of Trade was reduced 12.0 per cent from November but exceeded the volume of last December by 92.0 per cent. Chicago prices averaged slightly higher for wheat, rye, cash oats, and contract corn, and slightly easier for cash corn and contract oats than in November.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in December, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	NOVEMBER 1929	DECEMBER 1928	
Production (bbls.)	- 8.3	- 6.9	31
Stocks of flour at end of month (bbls.)	- 2.6	-11.9	29
Stocks of wheat at end of month (bu.)	- 8.0	+ 8.9	29
Sales (volume)	-35.6	-50.4	12
Sales (value)	-37.4	-45.6	12

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—December receipts of cattle, calves, lambs, and sheep at public stock yards in the United States aggregated less than in November but were greater than a year ago; hog marketings followed an opposite trend in these comparisons.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, December, 1929	198,078	1,098,915	295,528	103,155
Federally Inspected Slaughter, U. S.				
December, 1929	658,026	5,082,935	1,090,989	346,311
November, 1929	731,407	4,498,554	1,159,150	358,438
December, 1928	666,879	5,782,036	1,052,721	340,699

The movement of cattle to feed lots averaged about the same as last December, while that of lambs and sheep was slightly smaller; all showed a seasonal recession in volume from November.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JAN. 11 1930	DEC. 1929	NOV. 1929	DEC. 1928
Native Beef Steers (average)	\$13.25	\$12.60	\$12.60	\$12.80
Fat Cows and Heifers	9.75	8.40	8.40	9.00
Calves	13.50	12.75	13.70	13.90
Hogs (bulk of sales)	9.65	9.40	9.15	8.65
Yearling Sheep	11.35	9.85	9.70	10.95
Lambs	13.60	12.80	12.40	13.90

Meat Packing—Slaughtering establishments in the United States increased production slightly in December over November, although operations were under a year ago. Payrolls at the close of the month recorded a decline of 1.3 per cent in number of employees, of 6.3 per cent in hours worked, and of 4.7 per cent in total earnings compared with the corresponding period of November. Trade was adversely affected because of the heavy consumption of poultry usual during the holidays. Domestic demand for packing-house products averaged good for smoked meats, sweet pickled hams, and beef fore quarters, was fair to good for lard, fair for fresh pork and lamb, and rather slow for veal and most beef. The dry salt pork trade was seasonally quiet. Sales billed in December to domestic and foreign customers by fifty-nine meat packing companies in the United States aggregated 7.4 per cent less in value than in the preceding month and were 3.2 per cent under the corresponding period of last year. For the calendar year 1929, sales of sixty-four meat packing

companies in the United States totaled 5.7 per cent greater than in 1928.

Domestic trade at the beginning of January 1930 remained about on a level with early December, ranging between fair and good. Chicago quotations for beef, veal, and lamb showed little change in December from a month previous; lard and picnic prices declined, while those of bellies and fresh pork hams advanced. Quotations for dry salt meats trended downward after December 15, but averaged a little higher for the month as a whole than in November.

January 1 inventories at packing plants and cold-storage warehouses in the United States exceeded those of December 1 and the 1925-29 average but were slightly under a year ago; holdings of beef and miscellaneous meats, however, increased over last January, while those of dry salt pork decreased from the five-year average. December shipments for export totaled in excess of November, although some reporting companies experienced a recession. Foreign demand was fair for lard and fats but rather quiet for meats. Prices abroad averaged close to Chicago parity; some products in the United Kingdom were at a slight discount.

Dairy Products—Seventh district butter production increased 1.6 per cent in December over the preceding month and was 3.3 per cent heavier than last year, according to a compilation for sixty-seven reporting creameries. Statistics of the American Association of Creamery Butter Manufacturers indicate that production in the United States trended downward from November, although it was in excess of a year ago. The quantity of creamery butter billed to customers by sixty-nine companies in the Seventh district recorded a decline of 1.3 per cent in December from a month previous but was 1.8 per cent in excess of the corresponding period of 1928. For the calendar year 1929, creamery butter production of seventy-one firms in the district totaled 3.8 per cent greater than in 1928, while sales of seventy-three companies gained 0.6 per cent. During the four weeks ended December 28, the Wisconsin primary markets received American cheese from factories within the state in 2.2 per cent less volume than during the preceding four weeks, the tonnage being 5.5 per cent under a year ago; reshipments from these centers increased 16.1 per cent and 23.8 per cent in the comparisons. January 1, 1930 inventories at cold-storage warehouses and packing plants in the United States showed an expansion in holdings of butter and a contraction in the stocks of cheese from the beginning of 1929, with each of the commodities exceeding the 1925-29 average for the month but falling below the level of December 1; inventories of eggs declined in all three comparisons. December receipts of butter and eggs at Chicago were larger and those of cheese smaller than in November; eggs and cheese recorded a recession in volume from last year. Egg prices advanced, while the quotations for butter and cheese eased in December from a month previous.

COAL

Domestic demand for coal during December and the first half of January was largely affected by weather conditions; mild temperatures the early part of December effected a slowing-down, while the blizzard later in the month stimulated demand but retarded deliveries; sales again became quieter the first part of January, but retail business improved in the second week because of colder weather, although supplies appeared ample in many sections. The industrial market remained firm through December, but became less active after the first of the new year, partly owing to recession in industry.

Illinois production of bituminous coal in December of 6,415,838 tons exceeded by more than 1,000,000 tons the volume mined in November, and compared with 5,833,790 tons in the same month of 1928. Fewer mines were in operation during the month than a month previous or a year ago and the number of men employed was less, but

the average number of days worked was greater, 20.5 comparing with 16.5 in November and with 18.2 in December 1928. Output for the year 1929 totaled 58,836,835 tons, as against 54,023,337 tons in 1928 and 44,926,433 tons in 1927; in 1926, however, production aggregated 68,465,998 tons.

United States output of bituminous coal in December of 46,200,000 tons, showed an increase over November and over December of 1928 and 1927, while the total volume mined in 1929 was 525,358,000 tons against 500,745,000 tons in 1928, 517,763,000 tons in 1927, and 573,367,000 tons in 1926. Anthracite output in 1929 of 76,640,000 tons gained slightly over 1928 but was under 1927 and 1926. Statistics compiled by the Ore & Coal Exchange at Cleveland show that total distribution of bituminous coal from Lake Erie ports to American Lake ports in 1929 of 31,942,786 tons was heavier than in any other year, exceeding by more than 4,000,000 tons the previous record in 1928.

INDUSTRIAL EMPLOYMENT CONDITIONS

For the third successive month the trend of industrial employment of the Seventh Federal Reserve district was downward in December. Many firms closed down for re-

pairs during part of December, as well as for the usual period for inventory-taking in several lines of industry. Reporting firms in this district showed a decline of 3.5 per

cent in number employed and of 7.3 per cent in amount of payroll for the period November 15 to December 15 from a month previous. For the first time in 1929, employment in a given month was slightly below that for the corresponding month of 1928. Recessions from November 15 were generally heavier in amount of earnings than in the number employed, but of the ten groups included in the survey, eight showed a decline both in number of men and in amount of payrolls. The heaviest recession took place in the stone, clay, and glass products group, amounting to 10.9 per cent in employment and 18.3 per cent in payroll. Cement and brick production was at the season's low, with curtailment effective at many plants. Substantial decreases occurred in both the vehicles group and the lumber and wood products group, the loss in number of men amounting to 8.0 per cent and 7.2 per cent, respectively, while declines in earnings were 16.5 per cent and 18.4 per cent. Five other groups—leather, rubber, chemicals, food products, and metals—had lower employment and payrolls than in November. In the food products group, meat packing, which has shown increases in number employed during the third quarter of the year, fell off slightly in both volume of employment and amount of payroll. Textiles showed a slight decrease in number employed but a 6.3 per cent greater payroll. Paper and printing was the only group registering

an increase (1.1 per cent) in number of men, but payrolls were 0.4 per cent less than in November.

Non-manufacturing employment was marked by a general recession. In building and construction the loss amounted to 18.0 per cent in number employed and 17.5 per cent in payrolls, many projects being suspended on account of heavy snowfall and cold weather. The public utilities showed a moderate decline, with 2.5 per cent fewer men employed and 3.6 per cent smaller earnings in December than in November. Coal mining operations in December were on a heavier time schedule, so that payroll amounts totaled 18.3 per cent more than in November, though a slightly smaller number of men was employed. Wholesale and retail trade employment, reflecting the Christmas expansion, gained 7.5 per cent in workers and 4.1 per cent in earnings.

The free employment offices of two states report a ratio of applicants to positions available contrary to the trend in general employment. Illinois offices showed a decline from 181 in November to 177 in December, and in Indiana the ratio fell from 141 for November to 119 for December, probably owing in both cases to temporary work provided in the cities by heavy snowfall. In Iowa, with the seasonal recession in the demand for farm labor, the ratio rose to 278 as compared with 207 in November.

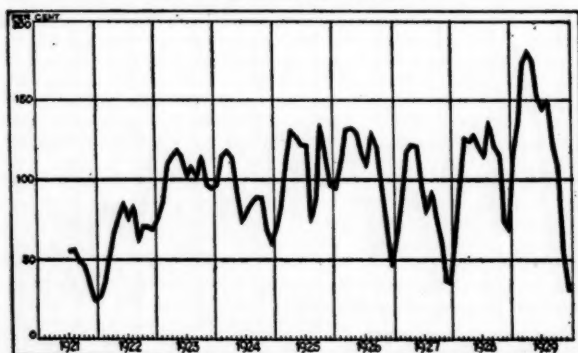
EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
	DECEMBER 15 1929	NOVEMBER 15 1929		DECEMBER 15 1929	NOVEMBER 15 1929	
All groups (10).....	421,797	437,018	- 3.5	\$10,569,980	\$11,399,910	- 7.3
Metals and metal products (other than vehicles).....	198,170	203,911	- 2.8	4,798,122	5,186,753	- 7.5
Vehicles.....	37,259	40,513	- 8.0	1,024,385	1,226,422	-16.5
Textiles and textile products.....	30,463	30,774	- 1.0	711,072	668,767	+ 6.3
Food and related products.....	49,658	51,134	- 2.9	1,323,662	1,353,485	- 2.2
Stone, clay, and glass products.....	11,398	12,789	-10.9	307,773	376,664	-18.3
Lumber and its products.....	29,223	31,486	- 7.2	613,126	751,191	-18.4
Chemical products.....	8,698	8,970	- 3.0	240,882	254,622	- 5.4
Leather products.....	17,687	18,461	- 4.2	373,768	387,749	- 3.6
Rubber products.....	3,745	3,869	- 3.2	77,700	90,832	-14.5
Paper and printing.....	35,496	35,111	+ 1.1	1,099,490	1,103,425	- 0.4

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—A further recession in automobile production took place during December, output of 91,234 passenger cars in the United States being the lowest since January 1922 and comparing with 169,282 in November and 204,957 in December a year ago. Total output for the year 1929, however, of 4,586,020 was in record volume and almost 800,000 cars heavier than for 1928. December production of trucks, totaling 27,233, declined 41.6 per cent from the preceding month and was 3.2 per cent under the same month of 1928; output for all of 1929 aggregated 754,752, which compares with 530,910 for the preceding year and is the largest on record.

PRODUCTION OF PASSENGER AUTOMOBILES IN THE UNITED STATES



Index numbers based on number of cars produced. 1923-24-25 monthly average=100. Latest figure, December, 1929: 31.0.

Midwest distribution of new automobiles, both at wholesale and retail, continued through December the declining trend in evidence for several preceding months and was considerably under that of December 1928. Used car sales likewise declined in both comparisons. Sales by retail dealers in 1929 totaled much larger in number than for 1928, as did those of used cars: wholesale distribution for the year showed little change. Stocks of new cars on hand at the end of the year had declined from November 30, but were considerably heavier than at the close of 1928, and average end-of-the-month stocks in 1929 were much larger than the average for the preceding year. Used car stocks on December 31, though declining in value from a month and a year previous, increased in number, and the monthly average for 1929 was greater than for 1928. Deferred payment sales of thirty dealers constituted 56.2 per cent of their total retail sales in December, which compares with 61.7 per cent in November and with 48.7 per cent a year ago.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	YEAR 1929			COMPANIES INCLUDED		
	PER CENT CHANGE FROM		YEAR 1928	PER CENT CHANGE FROM		YEAR 1928
	NOV. 1929	DEC. 1928		NOV. 1929	DEC. 1928	
New cars						
Wholesale—						
Number sold.....	-19.1	-57.1	+ 0.4	30	29	21
Value.....	-21.9	-52.2	- 0.5	30	29	21
Retail—						
Number sold.....	-28.5	-21.6	+25.7	61	55	40
Value.....	-29.1	-28.3	+ 7.5	61	55	40
On hand end of month—						
Number.....	-10.7	+49.9	+48.8*	62	56	41
Value.....	- 8.6	+32.7	+37.0*	62	56	41
Used cars						
Number sold.....	-25.3	- 4.9	+24.8	62	56	41
Salable on hand—						
Number.....	+ 6.6	+29.8	+36.7*	61	55	40
Value.....	- 7.7	- 1.0	+ 6.1*	61	55	40

*Monthly average.

Agricultural Machinery and Equipment—Sales of agricultural machinery and equipment expanded as usual in December over the preceding month, with a seasonal gain of 14.3 per cent recorded in the tractor, thresher, combination harvester-thresher group and of 14.8 per cent in light machinery, and with a recession of 38.0 per cent in barn equipment, which is also customary for this month. Gains of 31.2 per cent in sales of heavy machinery and of 12.9 per cent in "all other" (exclusive of barn supplies) were experienced over a year ago, while business in barn equipment decreased 0.5 per cent. The total value of the sales billed to domestic and foreign customers by eighty-three concerns in the United States totaled 16.8 per cent larger during the calendar year 1929 than in 1928, the improvement being shared by all three of the major groups.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in December, 1929, from previous months

	PER CENT CHANGE FROM NOVEMBER 1929	PER CENT CHANGE FROM DECEMBER 1928	COMPANIES INCLUDED
Domestic sales billed.....	+17.0	+11.2	68
Sales billed for export.....	+ 7.2	+40.7	36
Total sales billed.....	+12.7	+22.0	68
Production.....	+ 3.7	+ 3.4	67

Production computed from average employment during the month. Sales based on value.

Iron and Steel Products—Activity in the steel industry of the Chicago district declined further in December from November, while ingot output of about 60 per cent of capacity the end of the month compared with an 85 per cent rate a year ago. A slight improvement, however, in both demand and rate of operations was noted in the first half of January; requirements from the automotive industry increased somewhat and railroad specifications continued in good volume. Despite the lessening in activity the last quarter of the year, 1929 shipments of steel from mills in this district totaled heavier than in previous years. The volume of pig iron produced in the Illinois-Indiana district was in record volume in 1929; the decline in the daily average for December from a year ago was the first in the year-to-year comparison since June 1928. Forward buying of pig iron for the first quarter of 1930 totaled large during December, and shipments have increased since the first of the year. Output of pig iron and of steel ingots in the United States established records in 1929, the former totaling 42,285,769 tons compared with 40,054,466 tons in 1928, the previous record year, and steel ingot production aggregating 54,164,348 tons as compared with the previous record of 49,865,185 tons in 1928. Average daily output of pig iron in December of 91,513 tons for the country, was lower than in either the preceding month or December 1928, and steel ingot production, averaging 115,851 tons daily, likewise declined in both comparisons. Unfilled orders of the United States Steel Corporation on December 31 showed the fourth successive monthly increase; the total of 4,417,193 tons represented a gain of 291,848 tons over the end of November and compared with 3,976,712 tons on the corresponding date of 1928; the amount is also higher than at the end of 1927 or 1926.

Prices of finished steel at Chicago have become somewhat uncertain in recent weeks, although quotations the middle of January were practically the same as a month previous. Composite prices for the country as a whole, however, have declined. Scrap iron and steel prices at Chicago have shown

no further recessions, and since the first of January have strengthened on certain grades.

Shipments and production of reporting steel casting foundries in the district totaled larger in December than either a month previous or a year ago, while orders booked declined in both comparisons. Shipments of steel castings were heavier in each month of 1929 than for the corresponding period of 1928. Orders booked by malleable casting foundries in December recorded a considerable increase over the preceding month, but were much smaller than in December 1928, as were shipments and production; shipments increased slightly over November and production showed no change. Stove and furnace manufacturers of the district shipped a smaller volume in December than a month previous or a year ago, and orders booked were considerably less; production declined from November but gained over December 1928.

Shoe Manufacturing, Tanning, and Hides—Shoe manufacturing in the Seventh Federal Reserve district decreased seasonally 21.2 per cent in December from the preceding month, according to a preliminary compilation by the United States Department of Commerce. District production of leather was indicated as smaller than in November but in excess of a year ago, while an opposite trend was shown in sales. Individually, however, a majority of the reporting tanneries experienced a recession in sales from a month previous. Leather prices remained steady.

The Chicago market for packer green hides and calf skins was less active in December than in the preceding period; purchases by district tanners also declined. Shipments from Chicago, however, totaled a little in excess of November. Prices ranged from about steady to slightly firmer than in November.

Furniture—Orders booked, shipments, and production of furniture during December were below November and a year ago, according to the reports of manufacturers in the Seventh Federal Reserve district. Twenty-four firms registered a drop of 39.0 per cent in orders booked and of 22.5 per cent in shipments from the preceding month, while declines of 23.5 and 14.0 per cent, respectively, were shown from December 1928. In each of the above comparisons, a majority of the reporting firms indicated declines. The total volume of shipments was greater than orders received in December and, with cancellations, effected a decline of 40.4 per cent in unfilled orders on hand December 31 from those held November 30. This item was 39.8 per cent below the amount held a year ago. The average rate of operations for seventeen firms was 71.6 per cent, which compares with 82.3 per cent during November.

Raw Wool and Finished Woolens—Although prices showed a softening tendency, a fair volume of wool was moved during December. This increased activity was especially noticeable during the latter part of the month and in most cases immediate deliveries were requested. Sales for this period included all grades but for the most part medium qualities. The last of the London sales for the year closed at a price level well below the best of the series and the Australian markets came to the close of 1929 at the lowest prices of the season. The situation with manufacturers of finished goods at the present time is mixed; worsted mills are doing well, while woolen manufacturers apparently have only a fair amount of business.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

December lumber business in the Seventh Federal Reserve district continued the seasonal lull of the closing months of the year. Buying was limited and largely for immediate needs, although prices have reached attractive levels. The volume of sales of seventeen wholesale and manufacturing firms recorded a decline of 15.9 per cent in dollar value and of 34.9 per cent in board foot measure, as compared with November, and recessions of 18.5 per cent in value and of 38.1 per cent in board feet from December 1928. Outstanding accounts were also lower by 11.5 per cent in the monthly comparison and 9.1 per cent less than a year ago. The ratio of outstanding accounts to sales in dollars averaged 157 in December, against 152 in November and 145 in December 1928. The volume of stocks on hand was considerably larger than in November or a year ago. In each of the last four months of 1929,

sales of manufacturers and wholesalers were less than in the corresponding month of 1928; the December volume, which was smaller than for any month of 1929, was also below the December figures for the past six years.

In retail lumber trade, the first ten months of the year showed an upward trend to a high point in October, but December continued the decline shown in November. December sales were smaller than for any month of 1929 since February, but totaled somewhat above December 1928 and were also above each December for the preceding six years. The volume of business in each month of 1929 since March has been greater than in the corresponding month of 1928, with the exception of October. Reports of 126 retail yards indicate that sales in December were 22.2 per cent less than in November, but 8.7 per cent more than in December 1928. Outstanding accounts decreased 14.1

per cent in the comparison with the preceding month, but stood 10.3 per cent above a year ago.

The ratio of outstanding accounts to dollar sales was substantially higher than a month previous, and much lower than a year ago, being 379 for December as against 345 for November and 414 for December 1928. Stocks of lumber held in yards averaged slightly below the end of November, though exceeding a year previous. Net receipts of lumber at Chicago during December fell 8.9 per cent below November and 26.4 per cent under December 1928. Figures for the year 1929, as compared with 1928, showed declines of 12.5 per cent in gross receipts, 6.4 per cent in shipments, and 15.7 per cent in net receipts.

December operations in the cement industry of the Middle West were seasonally low, being marked by a 17.9 per cent recession in production and a 64.2 per cent decline in shipments, while stocks increased 50.7 per cent as compared with November; some firms, however, report large orders booked in anticipation of price advances. Figures for the year show 4.4 per cent less cement produced and 5.9 per cent smaller shipments than in 1928. Shipments into the five states including the Seventh district totaled 2,049,750 barrels during November, a decline of 55.1 per cent from October, though only 9.8 per cent below November 1928. Shipments of brick during December from production centers in the district fell below the usual De-

cember volume and were sharply reduced from November. While a few plants were closed, production was not curtailed sufficiently to prevent excessive accumulation of stocks.

Building Construction—Contracts awarded in the Seventh Federal Reserve district during December amounted to \$75,335,353, an increase of 30.2 per cent over November, though reflecting a drop of 2.1 per cent from December a year ago. Of this total, \$11,228,225 was for residential building. Total contracts awarded during the year 1929 amounted to \$1,165,229,058 in this district, a decline of 12.3 per cent from the 1928 figure. Residential building aggregated only \$388,933,177 for the entire year, or 30.0 per cent under the total of a year previous.

Permit figures fell off considerably in December in both number and estimated cost of proposed work. For 105 cities in the district the valuation of permits declined 26.0 per cent from the preceding month and 47.5 per cent from the corresponding period of 1928. In the number issued, declines registered were 27.1 and 18.8 per cent, respectively. Losses were predominant among the reporting cities, and Milwaukee was the only one of the five large cities—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—to show increases in both number and estimated cost as compared with figures for the preceding month and a year ago.

MERCHANDISING CONDITIONS

Wholesale Trade—With the exception of drugs, all reporting lines of wholesale trade had seasonally smaller sales in December than in November. As compared with December 1928, all lines except groceries reported declines, and less than half the firms in this group recorded increases. For the year 1929, sales in the grocery trade totaled 1.1 per cent more than in 1928, hardware showed

a gain of 5.0 per cent, dry goods of 0.3 per cent, drugs 1.4 per cent, and the electrical supply trade an increase of 5.0 per cent, while shoe sales were 4.5 per cent smaller. Comments from individual firms indicate that in general collections are fair to slow, though good in the hardware trade. Prices show some tendency toward weakness.

WHOLESALE TRADE DURING THE MONTH OF DECEMBER, 1929

	Net Sales During Month PER CENT CHANGE FROM PRECEDING SAME MONTH MONTH LAST YEAR		Stocks at End of Month PER CENT CHANGE FROM PRECEDING SAME MONTH MONTH LAST YEAR		Accounts Outstanding End of Month PER CENT CHANGE FROM PRECEDING SAME MONTH MONTH LAST YEAR		Ratio to Net SALES DURING MONTH		Collections During Month PER CENT CHANGE FROM PRECEDING SAME MONTH MONTH LAST YEAR	
Groceries -----	(25)—10.1	(25)+ 0.4	(17)— 4.2	(17)—10.9	(22)—14.8	(22)— 8.1	(22) 91.6	(19)— 3.3	(18)+0.04	
Hardware -----	(13)—15.7	(13)— 3.8	(9)— 7.3	(9)+ 7.2	(13)—10.2	(13)+ 0.5	(13) 233.8	(9)— 6.4	(9)+ 0.0	
Dry Goods -----	(7)—22.7	(7)— 3.2	(5)— 6.0	(5)+12.0	(7)—14.7	(7)+ 0.8	(7) 357.3	(6)+14.8	(6)— 7.3	
Drugs -----	(9)+ 5.8	(9)—14.9	(8)— 3.7	(8)+ 0.8	(8)+ 4.5	(9)+ 4.9	(9) 175.5	(7)+ 5.9	(7)— 9.9	
Shoes -----	(8)—17.5	(8)— 8.1	(6)— 4.1	(6)+ 1.8	(7)—13.8	(7)+ 7.5	(7) 439.8	(6)+ 7.6	(6)— 9.8	
Electrical Supplies -----	(33)— 6.8	(33)—14.9	(24)— 9.3	(25)+13.8	(32)— 7.5	(32)— 5.4	(32) 149.9	(23)— 5.6	(22)— 5.1	

Figures in parentheses indicate number of firms included.

Department Store Trade—Holiday trade effected an increase of 42.8 per cent over November in the aggregate December sales of 101 department stores of the Seventh district. As compared with December 1928, however, the volume sold declined 6.0 per cent, which brought sales for the year 1929 to only 1.0 per cent above the level of 1928; at the end of November, sales for the year to date had totaled about 2 per cent heavier than for the corresponding period of 1928. Sales declined from December a year ago in Chicago, Detroit, Indianapolis, and in the total for smaller centers, but increased slightly in the aggregate for Milwaukee, while for the year 1929, the total volume sold was larger than for 1928 in Detroit, Indianapolis, and Milwaukee by 4.2, 3.5, and 2.5 per cent, respectively, and declined in Chicago 0.3 per cent and in the aggregate for fifty-seven stores in smaller cities, 1.5 per cent. End-of-the-year stocks averaged 18.3 per cent below a month previous, but were 1.6 per cent heavier than on the corresponding date a year ago. The monthly rate of turnover for December was .51 times, and for the year 1929, 3.97 compared with 4.06 times for 1928. December collections declined 0.8 per cent from the preceding month and were 1.5 per cent smaller than in December 1928, while accounts receivable the end of the month increased 15.1 and 2.7 per cent in the respective comparisons. Collections during December on accounts receivable the end of November averaged 38.5 per cent against 41.9 per cent a year ago.

Chain Store Trade—Aggregate sales of twenty chains increased 41.9 per cent in December over the preceding month and were 1.9 per cent heavier than in the corresponding month of 1928. The 2,818 units operated during the month represented gains of 0.7 and 15.3 per cent, respectively, over a month and a year previous. Average sales per store were 41.0 per cent heavier than in November, but 11.6 per cent smaller than in December a year ago. All reporting groups except groceries shared in the aggregate gain over the preceding month, while as compared with December 1928, drug, cigar, and women's clothing sales were larger, and those of grocery, five-and-ten-cent, shoe, musical instrument, and men's clothing chains smaller. Sales for the entire year 1929 totaled 11.0 per cent more than in 1928, but average sales per store were 4.7 per cent less. All lines except musical instruments had larger aggregate sales for 1929 than a year previous.

Other Retail Trade—A seasonal increase over November of 35.6 per cent was shown in aggregate sales for December of twenty-three retail shoe dealers and the shoe sections of twenty-one department stores of the district. Although an average decline from last December of only 0.7 per cent was shown, practically all of the dealers had smaller sales and the majority of the department stores. For the entire year 1929, however, sales have totaled 4.7 per cent in excess of the year 1928. Stocks on hand the end of December averaged 16.3 per cent under a month

previous and showed little change from the end of December a year ago. Collections by dealers during the month totaled 10.1 per cent smaller than for November and were 11.4 per cent less than for December 1928. Accounts receivable the end of the month increased 12.3 per cent in the monthly and 4.7 per cent in the year-to-year comparison; they averaged 36.6 per cent of December sales, compared with a ratio of 36.9 per cent for the preceding month and with 30.7 per cent a year ago.

Nineteen dealers and twenty-six department stores made sales of furniture and house furnishings in December totaling 10.1 per cent more than in November, but falling 8.6 per cent under the aggregate for December 1928. Installment sales of dealers increased 11.4 per cent in the former and declined 4.3 per cent in the latter comparison. Dealers' collections aggregated 9.1 per cent smaller in December than a month previous and were 12.7 per cent below a year ago, while those on installment accounts declined 12.3 and

11.1 per cent, respectively. Accounts receivable on dealers' books gained 1.3 per cent on December 31 over the end of November and were 1.5 per cent larger than on December 31, 1928. Stocks of dealers and department stores averaged 9.3 per cent less at the end of December than a month previous and were 3.9 per cent smaller than at the end of 1928.

December sales of approximately 200 retail hardware dealers in the five states including the Seventh district aggregated 9.9 per cent more than in November, Indiana alone failing to share in the increase. As compared with the corresponding month of 1928, sales of about 100 firms for which 1928 figures are available, totaled 6.8 per cent less in December this year; dealers in Wisconsin and Iowa reported an opposite trend. For the year 1929, business exceeded the volume of 1928 by 5.7 per cent, with Indiana the only one of the five states to show a decline. Slightly more than half of the individual firms recorded increases in 1929 sales over 1928.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Dec. 1929	Nov. 1929	Dec. 1928	Nov. 1928
Meat Packing—(U. S.)—					
Sales (in dollars).....	59	103.1	111.4	106.5	115.4
Casting Foundries—					
Shipments:					
Steel—In dollars.....	15	83.6	79.0	65.4	67.5
In tons.....	15	92.9	85.5	67.3	67.7
Malleable—In dollars.....	23	61.0	59.7	72.0	70.1
In tons.....	23	84.9	80.7	102.5	98.9
Stoves and Furnaces—					
Shipments (in dollars).....	11	109.6	147.0	118.9	153.8
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	83	105.1	90.0	94.2	80.0
Exports (in dollars).....	56	394.1	367.1	280.5	257.0
Total Sales (in dollars).....	83	152.0	135.2	124.2	108.5
Production.....	82	169.2	163.3	163.8	154.8
Furniture—					
Orders (in dollars).....	27	56.7	90.7	75.8	111.2
Shipments (in dollars).....	27	83.4	112.5	92.6	111.7
Electric Energy—					
Output of Plants (KWH).....	8	150.9	143.4	162.7	157.9
Industrial Sales (KWH).....	8	164.7	173.5	169.2	180.0
Flour—					
Production (in bbls.).....	32	88.5	93.1	95.0	101.4
Output of Butter by Creameries—					
Production.....	74	82.1	80.7	79.8	72.4
Sales.....	74	83.3	84.7	81.7	84.1
Iron and Steel—					
Pig Iron Production: ¹					
Illinois and Indiana.....		113.3	123.8	122.3	118.4
United States.....		93.2	108.0	110.7	112.1
Steel Ingot Production—(U. S.) ¹		86.9	101.4	120.6	123.1
Unfilled orders U. S. Steel Corp.		92.5	86.4	83.3	76.9
Automobile Production (U. S.):					
Passenger cars.....		31.0	57.4	69.5	73.5
Trucks.....		77.1	132.0	79.6	112.3
Stamp Tax Collections—					
Sales or Transfers of Capital Stock.....		406.1	790.2	399.0	422.6
Sales of Produce on Exchange—Futures.....		105.1	107.6	53.6	63.4
U. S. Primary Markets—					
Grain Receipts:					
Oats.....		34.5	33.4	54.5	52.0
Corn.....		145.5	86.6	201.6	133.2
Wheat.....		66.2	58.4	93.9	122.9
Grain Shipments:					
Oats.....		27.7	39.7	40.5	41.1
Corn.....		73.3	43.4	88.5	56.7
Wheat.....		46.6	71.1	59.6	105.0

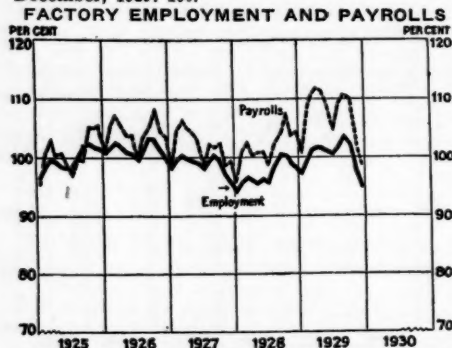
	No. of Firms	Dec. 1929	Nov. 1929	Dec. 1928	Nov. 1928
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	37	88.1	100.2	87.8	100.0
Hardware.....	15	78.0	93.8	80.0	97.1
Dry Goods.....	10	69.3	84.3	72.1	101.1
Drugs.....	12	104.5	100.4	110.0	100.9
Shoes.....	8	57.0	69.1	62.1	95.3
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	34	187.0	125.1	197.1	126.9
Detroit.....	4	240.2	171.4	266.4	178.1
Indianapolis.....	5	171.9	119.5	173.9	121.6
Milwaukee.....	5	183.7	136.0	181.3	131.4
Other Cities.....	53	158.9	115.1	169.6	112.3
Seventh District.....	101	189.7	132.0	200.8	133.1
Retail Trade—U. S.—					
Department Stores.....	523		123	187	122
Chain Stores:					
Grocery.....	34		241	220	219
Drug.....	13		215	224	169
Five and Ten Cent.....	14		174	305	158
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		92.3	87.2	107.6	119.5
Live Stock.....		80.4	97.5	90.0	99.2
Coal.....		117.1	113.6	108.2	116.6
Coke.....		100.2	99.0	94.4	92.4
Forest Products.....		66.5	79.0	78.5	91.9
Ore.....		22.6	71.6	27.6	81.0
Merchandise and Miscellaneous.....		91.9	109.1	98.7	113.0
Total.....		92.4	104.6	96.1	110.4
Building Construction—					
Contracts awarded (in dollars):					
Residential.....		38.2	66.3	110.6	140.5
Total.....		110.0	84.5	112.3	145.2
Permits:					
Chicago.....	Number	11.2	23.5	38.4	47.3
Cost.....		18.6	55.9	82.4	72.9
Indianapolis.....	Number	16.9	33.7	33.1	49.1
Cost.....		26.0	26.1	58.4	81.1
Des Moines.....	Number	20.1	44.8	24.2	45.4
Cost.....		12.5	38.5	32.9	33.7
Detroit.....	Number	19.9	47.3	41.1	61.3
Cost.....		18.4	37.4	70.8	68.9
Milwaukee.....	Number	75.3	74.1	60.7	71.6
Cost.....		226.2	101.8	178.4	103.4
Others (45).....	Number	30.2	61.0	44.4	74.4
Cost.....		47.2	61.8	64.9	116.9
Fifty Cities.....	Number	34.1	54.4	45.1	65.6
Cost.....		37.3	54.7	80.0	83.8

¹Average daily production; ²First Illinois internal revenue district; ³Monthly average receipts 1923-24-25=100.

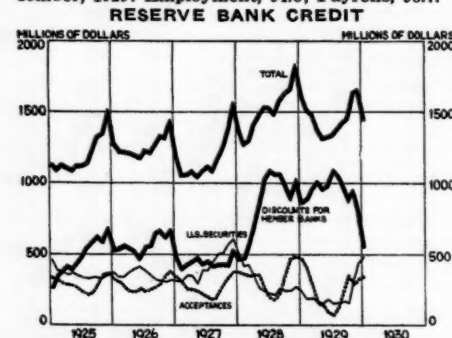
INDUSTRIAL PRODUCTION



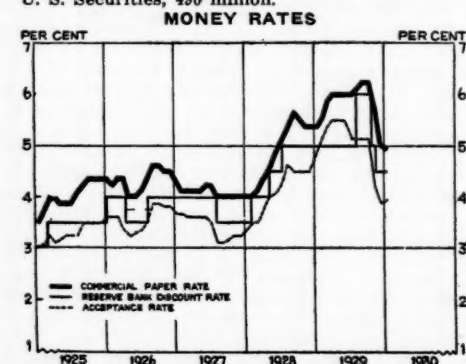
Index numbers of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, December, 1929: 100.



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-25 average=100). Latest figures, December, 1929: Employment, 94.8; Payrolls, 98.7.



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 19 days in January, 1930: Total Reserve Bank Credit, 1,442 million; Discounts for Member Banks, 551 million; Acceptances, 335 million; U. S. Securities, 490 million.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper and acceptance rate on 90-day bankers' acceptances. Latest figures, averages of first 20 days in January, 1930: N. Y. Reserve Bank Discount Rate, 4½ per cent; Commercial Paper Rate, 4.95 per cent; Acceptance Rate, 3.94 per cent.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL activity declined further in December. There was little change in commodity prices and conditions in the money market continued easy.

PRODUCTION AND EMPLOYMENT

Industrial production, as measured by the Federal Reserve Board's index, which is adjusted for seasonal variations, declined by 6 per cent in December, following upon a decline of 9 per cent for the preceding month. Nearly all industries reported larger than seasonal reductions in December, except for food industries, which showed little change, and coal, in which output increased. The largest declines in December, as in earlier months, were in automobiles and iron and steel. Production in the textile, shoe, lumber, and the nonferrous metals industries also decreased considerably. Stocks of cotton textiles, copper, zinc, and lumber increased in December.

In the first three weeks in January, steel plants increased their operations somewhat from the low rate prevailing at the holiday season, but were considerably less active than in January 1928 or 1929. There were further decreases in the output of copper and lumber, while production of crude petroleum increased. Employment in factories in December declined more than the usual amount in the automobile, steel, textile, clothing, and lumber industries. Little change was reported for the food industries or at car repair shops, while at meat packing plants and in the paper and printing industries there was some increase in employment.

Building contract awards also declined further in December. Residential contracts continued to be in small volume and there were large decreases in awards for commercial buildings and public works and utilities. During the first half of January, awards were larger on a daily average basis than in December.

DISTRIBUTION

Freight carloadings in December, as in the preceding month, showed more than the usual seasonal decline. The decline occurred principally in shipments of merchandise and lumber products, while loadings of coal and grain were larger than in November. Sales at department stores in leading cities were about 3 per cent smaller than in December 1928, according to reports to the Federal Reserve System. Decreases in sales were reported for ten Federal Reserve districts, an increase of 2 per cent for the Richmond district, and little change for the San Francisco district.

WHOLESALE PRICES

During December, wholesale prices of commodities fluctuated rather narrowly. Grain, live stock, meat, and bituminous coal prices increased somewhat, while prices of hides and leather products, textiles, petroleum, and pig iron declined. In the first half of January, there was little further change in prices.

BANK CREDIT

Member bank credit increased less than usual over the year-end and in January continued to reflect the liquidation which began early in November. On January 15, total loans and investments of member banks in leading cities were \$478,000,000 below the level of December 11, 1929. This decline occurred both at banks in New York City and outside and was in "All other loans," apparently reflecting a seasonal decrease in inter-bank loans together with a decreased demand for credit by commercial borrowers. Investments and loans on securities increased slightly during the period.

Reserve bank credit outstanding increased during the latter half of December in response to seasonal demands for currency and gold exports, but declined in January as currency returned from circulation. Between the week ending December 14 and the week ending January 18, there was a net decline of \$277,000,000 in currency in circulation, and also a decline of \$37,000,000 in member bank reserve balances.

Of the funds thus released, \$64,000,000 served to offset a loss in the monetary gold stock of the country and \$244,000,000 was used to retire reserve bank credit. Reserve bank holdings of government securities showed an increase of \$90,000,000 for the period, acceptances showed little change, while discounts for member banks declined by \$347,000,000. Money rates in the short-term open market firmed somewhat over the year-end but eased early in January, and throughout the first half of the month remained generally at the lowest levels since the spring of 1928. The discount rate at the Federal Reserve Bank of Philadelphia was lowered on January 16 from 5 to 4½ per cent, the rate prevailing at six other Federal Reserve banks.

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